Central Government's refusal to allocate Soviet loan to West Bengal Government

*245. SHRIMATI KANAK MUKHERJEE: Will the Minister of ENERGY be pleased to state:

(a) whether it is a fact that Government have refused to allocate the Soviet loan to West Bengal Government for starting the construction of Bakreswar Thermal Power Project; and

(b) if so, what are the reasons therefor?

THE MINISTER OF STATE IN THE DEPARTMENT OF POWER IN THE MINISTRY OF ENERGY (SHRI KALPNATH RAI): (a) and (b) At present, Government-to-Government external credits are being utilised for the implementation of power projects in the Central Sector. This position was indicated to the Government of West Bengal who have indicated that the Bakreswar project is now taken up for implementation in the State Sector.

SHRIMATI KANAK MUKHERJEE: Sir, I am surprised to see this funny answer which the hon. Minister has given. There are many many instances of State-to-State foreign credit being passed on under the additionality formula of the Department of Economic Affairs. There are at least two cases in which the benefit of hundred per cent foreign credit had been allowed to the State Electricity Boards by permitting them to conclude agreements directly with the foreign lending agencies. One is in regard to the Anpara B project in U.P., where the U.P. State Electricity Board will receive 100 per cent credit to be extended by the Japanese EXIM Bank in addition to 70 per cent from the OECF under the normal additionality formula. Secondly, the Uran Gas Turbine project of the Maharashtra State Electricity Board, where 100 per cent foreign credit was allowed to be extended by the Board directly through the agreement...

SHRI A. G. KULKARNI: How are you worried ? (*Interruptions*)

SHRI VIRENDRA VERMA: Sir, have you allowed him?

SHRI A. G. KULKARNI: Why are you objecting to Maharashtra getting credit? (*Interruptions*)

SHRIMATI KANAK MUKHERJEE: I am not objecting. (*Interruptions*)

SHRI VITHALRAO MADHAVRAO JADHAV: You say that you support Maharashtra.

SHRIMATI KANAK MUKHERJEE: The facility should be extended to West Bengal also. There are examples in West Bengal too. In West Bengal recently OECF assistance has been negotiated in the Teesta Canal Fall Hydel Project which will entitle the State Government 70 per cent assistance under the additionality formula.

SHRI A. G. KULKARNI: West Bengal believes that they are the sons-in-law of Gorbachev.

SHRIMATI KANAK MUKHERJEE: Same is the case for engineering design of Purulia Pumped Storage scheme to be assisted by OECF. So, there is no reason why there should be any objection of directly giving the Soviet assistance to West Bengal for the TPP project. This is my first question. Secondly, Sir,...

MR. CHAIRMAN: I will give you time for the second supplementary

SHRI CHITTA BASU: This is first part of her question.

MR. CHAIRMAN: My predecessor has fixed time for putting a supplementary.

SHRIMATI KANAK MUKHERJEE: The State Government submitted a proposal for 630 MW/840 MW TPP at

Bakreswar as early as in 1980s. This project was then techno-economically cleared by the CEA as a State Government project in May 1985 with a further subsequent approval from the Planning Commission.

Then what made the Central Government try to convert it as a Central project I do not understand.

THE MINISTER OF ENERGY (SHRI VASANT SATHE): Sir, As far as the Central credit is concerned, there is a clear-cut bilateral State-to-State credit policy, there is no question of allowing more than one party to bid. Let me make it very clear, what is the understanding? The understanding is that where there is a multilateral credit, or in a credit where bidding can be for more than one parties...

MR. CHAIRMAN: In a tight credit.

SHRI VASANT SATHE: Yes, Sir. In that case States are allowed. OECF, ADV, World Bank, for all these we are allowing the States also. The only restriction was placed where it is Government to Government credit, State-to-State as it is called. There we restricted it to the Central projects. This has been the policy up till now. No exceptions were made Coming to the hon. Member's question about the Anpara project in UP, as far as OECF is concerned, bidding can be done among other countries by India, by Korea, along with Japan and other countries. That is why we treated it as multilateral. We have allowed OECF not only for UP but for West Bengal, Karnataka, Tamil Nadu, Andhra Pradesh, Assam and so many other States. No partiality has been made.

As far as the Uran project is concerned, let me make it clear that it was on-going before this policy about bilateral credit was decided in 1987 It was much before that. Uran had already been started and it was for continuing the extended scheme of wasteland recovery that we allowed the credit. We have not been, in any way, unfair, let me make it clear. To make this clear I myself went to West Bengal, talked to the Members, talked to the people, talked to the Government. Coming to the other question, originally Bakreswar was a State project. We had cleared it. State project means State finds the money on its own. After that they said, "we cannot find the money" and therefore they asked for commercial credit, both from the American company Cogian along with Japan....I am telling you. You should be patient.

MR. CHAIRMAN: He is very well informed.

SHRI VASANT SATHE: Another party was Soviet commercial credit along with Birla project authority. So they put those proposals to us. We examined them, Finance Ministry examined them and they found that they were not viable proposals economically. At our instance, we then approached, when the West Bengal Chief Minister met me and said, "look, we cannot raise these resources", the Soviet Government with a request that let them give a State to State credit and we will then take it up with the West Bengal Government to set up the project as a NTPC project and raise the level of the project from 630MW to 840MW. The object was that West Bengal should get the power that was originally intended; the people should get that power. That was our objective. We did that, but I am sorry to say that the West Bengal Government was misled. They wanted to politicise this issue and unfortunately they got derailed into a populist trend and that is how they lost this project, as far as Centre is concerned.

Now if you want to do it on your own, God bless you. You do not believe in God, but all the same I say, let them have this project. We will be too happy. We are willing to give all possible assistance as far as the State Government is

concerned, to do the Bakreswar project on their own. But please do not try to force the Government to make an exception in the policy of bilateral State-to-State credit because it will open a floodgate and we will not be able to then have any policy. And the proposal which I have made for this project—the same formula has been accepted by Andhra, has been accepted by Kerala, has been accepted by Karnataka, has been accepted by Haryana. The formula is that to the extent the State Government willing to invest, we will give additional power. How more fair can we be? This is the approach to Bakreswar. Please find it out for yourself.

SHRIMATI KANAK MUKHERJEE: Sir, this is most astonishing. This project was cleared as the only State sector Plan project in the Eighth Plan and the West Bengal Government was advised by the Central Government to explore the sphere of external assistance. That is why they tried and two offers were made—one from Japan and the other from USSR. They accepted the USSR one and it was cleared by the Planning Commission also. Now there is no reason why...

MR. CHAIRMAN: He has made a different point.

SHRIMATI KANAK MUKHERJEE: The West Bengal Government having no other option have started it on their own. The self respecting people of West Bengal have accepted the challenge of the Central Government and are determined to complete it on their own if the Central Government does not do this. But what is due to us—the foreign credit allotted to West Bengal—why should they not get it cent per cent? That is the question which the Central Government must answer...

SHRI VASANT SATHE: I have already answered that question. If she cannot understand the reply given so clearly ... Sir, she is all the time astonished. What can I do? She must appreciate and understand the reply? Please understand the reply without being biased. Then you will appreciate it.

SHRIMATI KANAK MUKHERJEE: You are cheating the States.

SHRI DEBA PRASAD RAY: Sir, I want to know from the hon. Minister whether it is a fact that if the generating capacity, which is now 36% in West Bengal, is increased by 14% more, there would be an additional generation of 360MW of power and there would be no necessity to put up a new power plant in West Bengal?

SHRI VASANT SATHE: Sir, new plants should always be there, but the hon. Member is right that if the plant load factor is improved, it will make up a gap of about 300MW. But I would plead with the West Bengal Government and the people, don't politicize this. Collection of blood for a project is a stunt. So much of blood is going waste because it is getting spoiled. Don't do this. It is infected with virus. Don't do this. Have a project: treat it as economic.

MR CHAIRMAN: Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

Exploration and production of oil in Assam by a private company

*242. SHRI N.E. BALARAM:
SHRI GURUDAS DAS GUPTA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Government have decided to allot an area in Assam to the Hindustan Oil Exploration